

*This prospectus constitutes a public offering of shares in Canada but not in the United States of America or any territory or possession thereof. This prospectus is not, and under no circumstances is to be construed as, an offering of any shares for sale in the United States of America or any territory or possession thereof or an offering to any resident of the United States of America or any territory or possession thereof or a solicitation therein of an offer to buy any shares of the Corporation.*

*A copy of this prospectus has been delivered for registration to the Registrar of Companies in England.*

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

**1,226,113 Common Shares**  
(without par value)

# RIO ALGOM LIMITED

(of which 493,927 shares are being underwritten)

As more fully set forth herein, Rio Algom Limited is offering to the holders of its outstanding common shares, other than shareholders in the United States of America or any territory or possession thereof, the right to subscribe for one additional common share for each ten common shares held of record at the close of business on June 13, 1975 at a subscription price of \$21.00 per share. The subscription offer expires on July 11, 1975, at 4:30 p.m. prevailing time at the offices of the subscription agent set forth herein. The Rights will be traded on the Toronto and Montreal Stock Exchanges until shortly before they expire.

Preston Mines Limited and Tinto Holdings Canada Limited (subsidiaries of The Rio Tinto-Zinc Corporation Limited) have undertaken to exercise their rights to purchase, at the subscription price, the 732,186 additional common shares to which they are entitled at a total price of \$15,375,906. These additional common shares being so purchased are not being underwritten.

	<u>Subscription Price</u>	<u>Underwriting Commission (1)</u>	<u>Proceeds to the Corporation (2)</u>
Per share.....	\$21.00	\$0.3675 Minimum \$1.7275 Maximum	\$20.6325 Maximum \$19.2725 Minimum
Total.....	\$25,748,373	\$181,518.17 Minimum \$853,258.89 Maximum	\$25,566,854.83 Maximum \$24,895,114.11 Minimum

(1) Reference is made to the information under the heading "Underwriting".

(2) Before deducting expenses of this issue estimated at \$245,000.

The underwriters have conditionally agreed in accordance with the terms of the underwriting agreement referred to under the heading "Underwriting" to purchase the Unsubscribed Common Shares as defined in said agreement. Such shares will be offered by the underwriters for sale, if, as and when issued by the Corporation and accepted by the underwriters, subject to the approval of all legal matters on behalf of the Corporation by Fasken & Calvin, Toronto, and on behalf of the underwriters by McCarthy & McCarthy, Toronto, and subject to prior sale and change in price, which price may differ from the subscription price. Subscriptions for Unsubscribed Common Shares shall be received by the underwriters subject to rejection or allotment in whole or in part.

**PROPERTY FILE**

June 10, 1975

See page 13 for

LORNEX 9215W045(6E)-05

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is scheduled to commence commercial production in mid-1976. As at April 30, 1975 Rio Tinto-Zinc owned, through wholly owned subsidiaries, 48.9% of the equity share capital of Rossing. Rio Algom is entitled, but not obligated, to subscribe for up to 10% of the total equity share capital of Rossing on the same terms as those extended to the Rio Tinto-Zinc company promoting the development. It is currently estimated that to maintain its 10% of the total equity share capital, Rio Algom's equity subscription will total approximately \$7,000,000. Up to April 30, 1975, Rio Algom had subscribed for and purchased 1,100,000 class "B" shares of Rossing for \$2,085,664, its pro rata entitlement of 10% of the issued equity share capital of Rossing. All of the shares purchased by the equity shareholders must be pledged to secure the performance by Rossing of its obligations under certain outstanding loan agreements.

**Copper**

**PROPERTY FILE 9215W045(6E)**

Rio Algom's copper operations consist of the mining and milling of copper-bearing ore to produce copper and certain other associated minerals in concentrates, which are sold to independent purchasers for smelting and refining. These operations are presently conducted by Lornex Mining Corporation Ltd. ("Lornex"), a 59.02% owned subsidiary of Rio Algom, in the Highland Valley in British Columbia and by Rio Algom at Mines de Poirier in the Joutel area of Quebec.

**\* Lornex**

Lornex operates a large scale low-grade copper-molybdenum open pit mine and concentrating facility located on the southern slope of the Highland Valley, approximately 28 miles from Ashcroft, British Columbia. The management and direction of the operations of the Lornex property are carried on by Rio Algom pursuant to an agreement which expires in December, 1984.

*Operations.* Development and construction of the mine and mill facilities began in August, 1970 and the mine and mill were declared to be in commercial production on October 1, 1972. The Lornex mill is located adjacent to the mine, and the mine and mill are fully integrated. Copper minerals and molybdenite are recovered in concentrates produced by conventional flotation processes.

The following table sets forth information concerning production from the Lornex mine:

	Three months ended March 31		Year ended December 31		Three months ended December 31
	1975	1974	1974	1973	1972(1)
Tons of ore milled (thousands).....	3,308	3,495	16,445	13,987	2,852
Average tons milled per day.....	37,165	38,831	45,056	38,320	30,998
Average mill head grade—					
copper.....	0.513%	0.417%	0.457%	0.422%	0.429%
molybdenum.....	0.017%	0.020%	0.016%	0.017%	0.019%
Average mill recovery—					
copper.....	87.0%	89.9%	88.1%	89.5%	87.9%
molybdenum.....	80.7%	69.6%	75.8%	71.9%	57.0%
Pounds of payable copper in concentrates produced (thousands).....	28,245	25,379	128,064	102,180	20,910(2)
Pounds of payable molybdenum in concentrates produced (thousands).....	872	962	4,038	3,481	581
Ounces of silver produced (thousands).....	100	108	464	431	80
Ounces of gold produced.....	—	—	592	763	—

**NOTES:**

- (1) Commercial operations commenced October 1, 1972.
- (2) Produced during start-up period and after commencement of commercial operations.

*Sales Contracts.* The entire copper concentrate production from the two existing Lornex mill lines has been contracted for by a group of Japanese companies until December 31, 1984, at a price based on the price at which the principal copper producers in non-communist countries sell their principal produc-

tion of electrolytic copper wire bars on period contracts for delivery c.i.f. main European ports to major European fabricators of copper (which price is presently the official London Metal Exchange cash seller's price for electrolytic copper wire bars).

Due to depressed world-wide demand for copper in the latter part of 1974 and increased production from the two existing mill lines over that of 1973, the Japanese companies have not taken delivery of copper concentrate from Lornex at the rate being produced. In addition, the delivery of approximately 13 million payable pounds of copper in concentrates scheduled for delivery in March, 1975 was deferred until April 30, 1975 by reason of a longshoremen's strike at the port of Vancouver. As a result Lornex had accumulated an inventory of 61 million payable pounds of copper in concentrates by March 31, 1975, including the 13 million payable pounds delivered on April 30, 1975. Plans have accordingly been implemented to reduce the production level of the Lornex mine for the year 1975. This curtailment, together with the strong possibility of no significant increase in copper prices, escalating operating costs and increased tax and government royalty imposts are expected to have a major adverse impact on Lornex earnings in 1975. The Japanese companies have concurred in Lornex attempting to sell a substantial part of its accumulated inventory of copper concentrates elsewhere. Negotiations are progressing for such a sale to a third party on the basis of approximately equal monthly deliveries.

The output of molybdenum, subject to a maximum of 3.2 million pounds per year of contained molybdenum in concentrates, has been contracted for by a United States company until December 31, 1977. This purchaser also has the option each year to purchase Lornex' output in excess of such maximum and to date has elected to do so.

*Ore Reserves.* In 1973, a comprehensive program was undertaken in order to delineate the total ore reserves contained in the Lornex property and to determine the optimum mining rate for extraction. This ore reserve program was completed in 1974 as planned and the optimum mining rate program is nearing completion. The result has been the delineation of 432 million tons of ore as at December 31, 1974 with an average grade of 0.411% copper and 0.014% molybdenum. This compares to the originally delineated reserves of 293 million tons which at December 31, 1974 had been reduced by the ore mined from commencement of operations to 257 million tons of ore with an average grade of 0.425% copper and 0.014% molybdenum. This ore reserve program was under the joint direction of the Lornex mine staff, Rio Algom and Behre Dolbear & Company Incorporated, independent mining, geological and metallurgical consultants. Although Lornex core drilling operations were observed, Behre Dolbear did not do any independent check core drilling or check sampling, having previously established that the procedures being used by Lornex were satisfactory. Behre Dolbear's reserve estimates are essentially in concurrence with those of Rio Algom.

The extent to which additional commercial ore may exist below the presently designed pit bottom cannot be determined at this time and remains to be established by future exploration and feasibility studies.

#### **Poirier**

Rio Algom owns and operates the Mines de Poirier ("Poirier") underground copper mine and mill in Poirier Township in the Province of Quebec, approximately 480 miles north of Montreal. Poirier commenced commercial production in April, 1966. On February 17, 1975 it was announced that all the economically recoverable ore reserves will have been mined out by mid-1975. At that time the mine will be permanently closed and, when milling operations terminate, the plant and equipment will be sold.

The following table sets forth information concerning production from the Poirier mine:

	Three months ended March 31		Year ended December 31				
	1975	1974	1974	1973	1972	1971	1970
Tons of ore milled (thousands) . . .	110	135	437	639	652	614	562
Average tons milled per day . . . . .	1,554	1,530	1,252 (1)	1,805	1,836	1,748	1,663
Average mill head grade—copper . .	2.16%	2.18%	2.06%	2.42%	2.22%	2.61%	2.33%
Average mill recovery . . . . .	94.9%	94.3%	94.3%	94.1%	92.8%	94.3%	94.4%
Pounds of payable copper in concentrates produced (thousands) . .	4,292	5,264	16,092	27,620	25,558	28,834	23,549
Ounces of silver produced (thousands) . . . . .	8	5	36	33	35	42	40

**NOTE:**

(1) Beginning in 1974, the planned milling rate was reduced to 1,500 tons of ore per day which rate was not achieved due to a shortage of experienced miners.